

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 779 – SB 749

March 24, 2015

**SUMMARY OF ORIGINAL BILL:** Declares that, for any street deannexed by a city on or after May 1, 1998, the city shall submit a map of the deannexed area to the Commissioner of Finance and Administration for the purpose of the Commissioner revising and reallocating funds to the appropriate city or county. Prohibits a municipality from deannexing certain territory, including roads, streets, and right-of-ways, without two-thirds vote of the county legislative body. Requires consent by a majority of voters for a municipality to deannex territory. Establishes procedures for county election commission to conduct a vote for deannexation after ten percent or more of registered voters in the municipality petition the county election commission that an election be held for such purpose. Removes current provision stating that three-fourths of voters have to assent to deannexation. Removes language from statute stating that the effective date for any contraction is the date of the ordinance, and replaces it with language stating when the contraction is done by election.

FISCAL IMPACT OF ORIGINAL BILL:

Local Revenue – Net Impact – Not Significant/Permissive

Local Expenditures – Net Impact – Not Significant/Permissive

Other Fiscal Impact – Permissive shifts in revenue and expenditures from one local government entity to another. The extent of any such shifts cannot be determined and are dependent upon the unknown, permissive, and future actions of cities and counties.

**SUMMARY OF AMENDMENT (004496):** Deletes and rewrites the bill in its entirety. Authorizes municipalities to rescind street deannexation by two-thirds vote of the legislative body. Authorizes only voters within the deannexation zone to vote in a deannexation election. Authorizes municipality to continue to levy taxes for debt incurred prior to the deannexation.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

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- The bill does not impact state government; any impact to local government is considered permissive.
- Based on information provided by the Departments of Revenue, the Department of Finance and Administration, the Department of Transportation, and the Comptroller of the Treasury (COT), the fiscal impact of this bill is not significant on state government operations.
- The COT reports that any increase or decrease in expenditures, or any increase or decrease in revenue to counties or municipalities, will be matched by offsetting increases or decreases in revenue and expenditures to other counties or municipalities. Therefore, any net permissive impact to local government is considered not significant.
- The costs related to an election are estimated to be not significant given the bill requires the election to be held during the next regularly scheduled citywide or countywide election.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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